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GIANT

YELLOWKNIFE  
MINES LIMITED

A N N U A L R E P O R T 1 9 6 9









CITY OF YELLOWKNIFE (January 1, 1970)  
Giant Property in the left background.

Courtesy of Yellowknife Photo Centre Ltd.  
City of Yellowknife, N.W.T.

# ANNUAL REPORT 1969

## REVIEW IN BRIEF

	1969	1968
Tons ore milled — total .....	399,647	374,717
Grade of mill feed .....	0.64	0.63
Ounces gold recovered .....	230,304	210,358
Gross value of production .....	\$9,923,000	\$8,810,000
Operating income before write-offs .....	2,805,000	3,017,000
Exploration expenditures .....	309,000	233,000
Income taxes .....	570,000	720,000
Net income .....	1,899,000	1,990,000
Earnings per share .....	0.44	0.46
Dividends paid per share .....	0.40	0.40
Capital expenditures .....	354,000	551,000
Working capital at end of year	6,418,000	6,432,000
Average price received per oz. of gold .....	42.78	41.60



# GIANT YELLOWKNIFE MINES LIMITED

Head Office: 7 King Street East, Toronto 1, Ontario

Mine Office: Yellowknife, N.W.T.

## OFFICERS

President and Managing Director	D. R. DeLAPORTE
Vice-President	- - - - - G. P. MITCHELL
Secretary	- - - - - A. C. CALLOW
Treasurer	- - - - - J. T. McWHIRTER
Controller	- - - - - J. D. KRANE

## DIRECTORS

A. J. ANDERSON	D. R. DeLAPORTE
C. R. ARCHIBALD, Q.C.	E. L. HEALY
B. S. W. BUFFAM	W. F. JAMES
A. C. CALLOW	G. P. MITCHELL
J. DOUGLAS STREIT	

## CONSULTANTS

F. R. ARCHIBALD	- - - - - Metallurgical
J. M. MORTIMER	- - - - - Metallurgical

## TRANSFER AGENTS AND REGISTRARS

THE STERLING TRUSTS CORPORATION  
372 Bay Street, Toronto, Ontario  
REGISTRAR AND TRANSFER COMPANY  
140 Cedar Street, New York 7, N.Y.

## BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE  
Toronto, Ontario

## AUDITORS

THORNE, GUNN, HELLIWELL & CHRISTENSON  
Toronto, Ontario

## SOLICITORS

STRATHY, ARCHIBALD, SEAGRAM & COLE  
Toronto, Ontario

## ANNUAL MEETING OF SHAREHOLDERS

Thursday, April 23, 1970 at 10.30 a.m. (E.S.T.)  
Elizabeth Room, King Edward Sheraton Hotel,  
Toronto, Canada.

## REPORT OF THE DIRECTORS:

To the Shareholders:

The activities of your company during 1969 are presented in the following report. Operating results are presented on a consolidated basis with those of your company's subsidiaries, Lolor Mines Limited and Supercrest Mines Limited as the overall operations are integrated.

It is gratifying that improved gold prices during the first three quarters of the year and efficient operations produced earnings only 2 cents per share below the level of 1968. Under current gold marketing conditions 1970 results are likely to be less satisfactory.

Until the latter part of the year your company sold its gold production on the free market and obtained the benefit of the prevailing higher prices then in effect on that market.

Because of increasing production costs and a serious deterioration in the free market for gold during the last quarter, it was decided that it was in the best interest of the company to sell its gold to the Royal Canadian Mint and apply for assistance under the Emergency Gold Mining Assistance Act. Lolor Mines Limited and Supercrest Mines Limited are also receiving assistance under this Act.

Shareholders should note that the Canadian Government has committed itself to the provisions of the Emergency Gold Mining Assistance Act only until December 31, 1970. It has been recognized that this Act has certain positive social advantages to the country but there is no guarantee that the said Act will be extended beyond that date.

### OPERATIONS SUMMARY

	1969	1968
Total tons milled .....	399,647	374,717
Average tons per day .....	1,095	1,027
Calculated mill heads oz. gold per ton .....	0.64	0.63
Recovery, per cent .....	88.87	88.48
Total Recovery		
Gold, ounces .....	230,304	210,358
Silver, ounces .....	34,405	24,627
Operating cost per ton before write-offs .....	\$18.24	\$16.08
Gross value of production .....	\$9,922,765	\$8,810,035

	Giant	Lolor	Supercrest	Total
Tons milled .....	321,878	32,605	45,164	399,647
Gold, ounces recovered .....	187,783	17,936	24,585	230,304



## FINANCIAL SUMMARY

	1969	1968
Operating profit before write-offs .....	\$2,805,000	\$3,017,000
Income taxes .....	570,000	720,000
Net income .....	1,899,000	1,990,000
Earnings per share .....	0.44	0.46
Dividends paid per share .....	0.40	0.40

## ORE POSITION

Reserves of developed ore at the year-end were estimated as follows, including dilution allowance.

	1969		1968	
	Tons	Oz. Gold per ton	Tons	Oz. Gold per ton
Giant Mine				
Active stopes .....	710,000	0.70	869,450	0.74
Pillars .....	86,000	0.73	54,500	0.73
Other developed ore ....	348,000	0.68	351,500	0.69
	<u>1,144,500</u>	<u>0.69</u>	<u>1,275,450</u>	<u>0.73</u>
Lolor Mine				
Active stopes .....	194,000	0.68	209,900	0.72
Other developed ore ....	146,000	0.63	121,500	0.69
	<u>340,000</u>	<u>0.66</u>	<u>331,400</u>	<u>0.71</u>
Supercrest Mine				
Active stopes .....	121,800	0.69	59,600	0.79
Pillars .....	7,200	0.70	7,200	0.70
Other developed ore ....	—	—	14,600	0.65
	<u>129,000</u>	<u>0.69</u>	<u>81,400</u>	<u>0.76</u>
Total developed ore .....	<u>1,613,500</u>	<u>0.686</u>	<u>1,688,250</u>	<u>0.725</u>

Despite an active exploration drilling program, no significant tonnages of new ore were discovered on Giant ground and reserves declined. Reserves below 750-foot level in the Supercrest Mine increased.

## OPERATING COSTS

Operating expenses increased again as labour and material costs continued their upward trend. Non-wage labour costs showed a marked increase.

Although the labour supply improved and turnover reduced, chronic shortages of skilled men and a still unsatisfactory turnover rate contributed to increased unit costs. Operating costs were also up due to increased development.

Under the terms of the Collective Bargaining Agreement a 2 per cent wage increase is due April 1, 1970 and a new Agreement is to be negotiated by September 30, 1970.

## CAPITAL EXPENDITURES

Expenditures on construction and replacement of fixed assets amounted to some \$354,000 in 1969. The major items were:

Housing and bunkhouses .....	\$ 95,000
Equipment for Mine and Treatment Plants .....	\$ 218,000

## UNDERGROUND OPERATIONS

### Giant Mine

Production and grade were very close to forecast despite production from a high proportion of small irregular stopes in widely separated locations. An intensive exploratory drilling program failed to add more than small tonnages to reserves.

To ensure an orderly extraction of reserves, drifting, raising and development diamond drilling were increased well above the 1968 level. In 1968 development had been restricted by crew shortages.

### Lolor Mine

Lolor production was well above forecast. Development was greater than in the prior year with the exception of diamond drilling. Drilling activity was reduced as the ore zone has been delimited. A modest program of exploration drilling failed to develop further reserves on strike or dip.

### **Supercrest Mine**

Production forecast was exceeded but grade was lower than anticipated. Hanging wall dilution was difficult to control in several stopes and caused a drop in grade of ore milled.

Drifting and drilling expenditures were at high levels to develop the upper part of the ore zone and to define new ore below the 750-foot level. Reserves below the 750-foot level increased. The 1100-foot level was extended from Giant ground and at year-end extraction drifts, raises and definition drilling were well under way and somewhat ahead of target.

## **OUTSIDE EXPLORATION**

### **Northbelt Yellowknife Mines Limited**

During the year 8,238 feet of diamond drilling was done on the southern part of the property. Four schist intersections were obtained in the target area with some minor mineralization. Further work is proposed for 1970.

Expenditures for the year amounted to \$59,048, and total to date \$213,512. As of December 31, 1969, Giant held a 50.8 per cent share interest in the capital of Northbelt.

### **Other Areas**

Outside exploration was carried out in twelve areas throughout the Northwest Territories.

A limited drill program was conducted on the company's claim block in the Coppermine area with negative results. No further work is planned.

Aerial geophysics, ground geology and geophysics and surface diamond drilling were conducted on one block of optioned claims and on one block of claims staked by your company in the Hanbury area.

Further work is planned on two claim blocks which are being examined for possible uranium values.



The block of claims in the Van Gorda area of the Yukon Territory are under option to Mercury Explorations Limited (N.P.L.) who have conducted a gravimetric survey of the ground with some encouragement.

## ACKNOWLEDGEMENTS

Mr. D. J. Emery, previously Chief Geologist and General Superintendent, was appointed Mine Manager on December 1, 1969 to replace Mr. W. A. Case who resigned to assume a new position with another company.

Your directors wish to record their appreciation for the services rendered by Mr. Case during his years as General Superintendent and Mine Manager of the Company.

Your directors also gratefully acknowledge the efficient services rendered by Mr. D. J. Emery, Mine Manager, and his staff.

On behalf of the Board,

D. R. DeLAPORTE,

President and Managing Director.

Toronto, Ontario,  
February 18, 1970.



# GIANT YELLOWKNIFE MINES LIMITED

(Incorporated under the laws of Ontario)  
and its subsidiary companies

## CONSOLIDATED BALANCE

### ASSETS

#### CURRENT ASSETS

	1969	1968
Cash .....	\$ 94,017	\$ 354,207
Bullion at net realizable value .....	2,296,617	1,007,384
Short term securities at cost which approximates market value .....	3,829,317	5,589,584
Accounts and accrued interest receivable .....	139,917	110,267
Emergency gold mining assistance receivable .....	538,583	321,000
Income taxes recoverable .....	90,782	
	<u>6,989,233</u>	<u>7,382,442</u>

#### FIXED ASSETS

Buildings, machinery and equipment at cost .....	14,809,517	14,504,618
Less accumulated depreciation .....	13,432,586	13,071,777
	<u>1,376,931</u>	<u>1,432,841</u>
Mining claims and properties at cost .....	2,096,637	2,094,587
	<u>3,473,568</u>	<u>3,527,428</u>

#### OTHER ASSETS

Supplies at average cost .....	820,022	774,085
Shares in and advances to other mining companies at cost .....	301,195	301,195
Other assets and deferred charges .....	561,127	410,787
	<u>1,682,344</u>	<u>1,486,067</u>
	<u>\$12,145,145</u>	<u>\$12,395,937</u>

### AUDITORS' REPORT

To the Shareholders of  
GIANT YELLOWKNIFE MINES LIMITED

We have examined the consolidated balance sheet of Giant Yellowknife Mines Limited and its subsidiary companies as at December 31, 1969 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,  
January 30, 1970.

THORNE, GUNN, HELLIWELL & CHRISTENSON,  
Chartered Accountants.



## LIABILITIES

CURRENT LIABILITIES	1969	1968
Accounts payable and accrued liabilities .....	\$ 510,739	\$ 515,723
Income taxes payable .....		358,001
Government royalties payable .....	60,251	76,885
	<u>570,990</u>	<u>950,609</u>
 MINORITY INTEREST		
Interest of minority shareholders in subsidiary companies .....	459,568	508,305
	<u>459,568</u>	<u>508,305</u>
 SHAREHOLDERS' EQUITY		
Capital stock		
Authorized — 4,500,000 shares without par value		
Issued — 4,303,050 shares .....	5,700,000	5,700,000
Contributed surplus .....	2,637,276	2,637,276
Retained earnings .....	2,777,311	2,599,747
	<u>11,114,587</u>	<u>10,937,023</u>
 Approved by the Board:		
D. R. DeLAPORTE, Director.		
E. L. HEALY, Director.		
	<u>\$12,145,145</u>	<u>\$12,395,937</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 1969

1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of Lolor Mines Limited, in which 87½% of the common shares are held, and Supercrest Mines Limited, in which 50% (332,506 shares) of the 665,010 common shares are held.

2. INCOME TAXES

Deductions for income tax purposes for depreciation and other expenses exceed the amounts charged to income in the accounts. As a result, income taxes for 1969 have been reduced by \$220,000 (1968 \$140,000). At December 31, 1969 depreciation and other expenses yet to be deducted for tax purposes by Giant Yellowknife Mines Limited are approximately equal to the net book value of the related assets.

3. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Direct remuneration of directors and senior officers, as defined by The Ontario Corporations Act, amounted to \$107,877 for 1969 and \$98,184 for 1968.

# GIANT YELLOWKNIFE MINES LIMITED

(Incorporated under the laws of Ontario)  
and its subsidiary companies (note 1)

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended December 31, 1969

(with comparative figures for 1968)

	1969	1968
Balance at beginning of year	\$2,599,747	\$2,330,749
Net income for the year	1,898,732	1,990,166
	4,498,479	4,320,915
Deduct dividends paid — 40¢ per share	1,721,168	1,721,168
Balance at end of year	<u>\$2,777,311</u>	<u>\$2,599,747</u>

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1969

(with comparative figures for 1968)

	1969	1968
Source of funds:		
From operations		
Net income for the year	\$1,898,732	\$1,990,166
Depreciation and amortization	431,670	406,460
Minority interest in net income (losses) of subsidiary companies	(48,737)	25,550
	2,281,665	2,422,176
Special refundable tax	30,626	107,325
Other sources (net)		115,470
	<u>2,312,291</u>	<u>2,644,971</u>
Application of funds:		
Dividends paid	1,721,168	1,721,168
Additions to fixed assets, less disposals	354,007	550,988
Other applications	250,706	
	<u>2,325,881</u>	<u>2,272,156</u>
Increase (decrease) in working capital	<u>\$ (13,590)</u>	<u>\$ 372,815</u>



# CONSOLIDATED STATEMENT OF INCOME

Year ended December 31, 1969

(with comparative figures for 1968)

	1969	1968
REVENUE:		
Gold and silver production .....	\$ 9,922,765	\$8,810,035
Deduct marketing expenses .....	98,744	70,855
	<u>9,824,021</u>	<u>8,739,180</u>
Emergency gold mining assistance .....	270,000	283,000
	<u>10,094,021</u>	<u>9,022,180</u>
EXPENSES:		
Operating expenses .....	6,978,261	5,691,025
Government of Canada royalty .....	55,000	75,000
Administrative and corporate expenses .....	255,862	239,154
Depreciation and amortization of mine development expenditures .....	431,670	406,460
	<u>7,720,793</u>	<u>6,411,639</u>
Operating income .....	<u>2,373,228</u>	<u>2,610,541</u>
Deduct exploration expenditures		
Contiguous Yellowknife properties .....	59,048	66,937
Other areas .....	249,809	166,603
	<u>308,857</u>	<u>233,540</u>
	2,064,371	2,377,001
Interest earned .....	355,624	358,715
	<u>2,419,995</u>	<u>2,735,716</u>
Income taxes (note 2) .....	570,000	720,000
	<u>1,849,995</u>	<u>2,015,716</u>
Minority interest in net income (losses) of subsidiary companies (note 1) .....	(48,737)	25,550
Net income for the year .....	<u>\$ 1,898,732</u>	<u>\$1,990,166</u>
Earnings per share .....	<u>\$ .44</u>	<u>\$ .46</u>

## COMPARATIVE STATEMENT OF

Fiscal Year Ended May 31	Tons Milled	Calculated Mill Heads Per Ton	Estimated E.G.M. Assistance	Net Value of Metals Recovered	Average Price Per Ounce of Gold	Operating Cost Before Write-offs	Operating Cost Per Ton
1949	84,886	0.815	\$ 511,020	\$ 1,962,340	\$ 35.00	\$ 1,467,133	\$ 17.28
1950	126,214	0.708	354,326	2,986,457	37.46	1,826,453	14.47
1951	151,814	0.842	267,874	4,158,038	37.35	1,997,073	13.15
June 30							
1952	165,846	0.755	615,000	3,854,137	35.79	2,658,570	16.03
1953	245,559	0.846	680,000	6,012,389	34.20	3,561,546	14.51
1954	275,985	0.785	965,000	6,045,327	34.26	3,704,451	13.42
1955	286,742	0.761	700,000	5,876,857	34.16	3,912,978	13.65
1956	297,582	0.765	120,000	6,235,926	34.76	4,284,385	14.40
1957	309,673	0.795	105,000	6,396,699	33.75	4,234,517	13.67
1958	289,220	0.795	340,000	5,331,448	33.85	3,872,120	13.39
1959	321,002	0.784	280,000	6,397,770	33.81	4,048,047	12.61
June 29							
1960	361,601	0.784	13,687	7,649,230	33.50	4,338,972	12.00
Dec. 31							
1960	181,101	0.795	-----	4,080,679	34.63	2,529,960	13.96
1961	366,515	0.779	-----	8,507,473	35.73	4,755,387	12.97
1962	375,820	0.763	-----	9,445,300	37.56	4,743,728	12.62
1963	388,190	0.713	-----	9,254,173	37.76	4,758,936	12.26
1964	400,606	0.745	-----	10,120,070	37.62	4,789,045	11.95
1965	395,001	0.722	-----	9,565,401	37.68	5,087,109	12.88
1966	384,271	0.652	-----	8,517,823	37.99	5,191,314	13.51
Consolidated							
1967	319,876	0.670	-----	7,204,874	37.99	4,990,864	15.60
1968	374,717	0.634	283,000	8,739,180	41.60	6,005,179	16.03
1969	399,647	0.640	270,000	9,824,021	42.78	7,289,123	18.24
	<u>6,501,868</u>	<u>0.734</u>	<u>\$5,504,907</u>	<u>\$148,165,612</u>	<u>\$ 36.57</u>	<u>\$90,046,890</u>	<u>\$ 13.85</u>



## PRODUCTION AND EARNINGS

Operating Profit Before Write-offs	Operating Profit Per Ton	Write-offs and Outside Exploration	Non-Operating Income	Income Tax	Minority Interest	Net Profit	Dividends Declared
1,006,227	\$ 11.85	\$ 845,465	\$ 6,790	\$ _____	\$ _____	\$ 167,552	\$ _____
1,514,330	12.00	1,018,886	5,237	_____	_____	500,681	_____
2,428,839	16.00	1,229,283	6,334	_____	_____	1,205,890	_____
1,810,567	10.92	1,631,556	7,981	_____	_____	186,992	_____
3,130,843	12.75	1,632,533	4,906	_____	_____	1,503,216	800,000
3,305,876	11.98	1,808,594	22,793	12,000	_____	1,508,075	1,600,000
2,663,879	9.29	1,690,938	14,728	4,000	_____	983,669	1,400,000
2,071,541	6.96	1,305,198	71,219	_____	_____	837,562	1,200,000
2,267,182	7.32	1,304,011	51,901	4,000	_____	1,011,072	600,000
1,799,328	6.22	1,070,897	59,919	4,000	_____	784,350	1,200,000
2,629,723	8.19	1,043,148	51,060	85,000	_____	1,552,635	1,200,000
3,323,945	9.19	1,183,330	103,858	490,000	_____	1,754,473	1,800,000
1,550,719	8.56	799,281	86,158	_____	_____	837,596	860,541
3,752,086	10.24	1,519,007	160,058	_____	_____	2,393,137	1,936,290
4,701,572	12.51	967,313	245,321	(30,477)	_____	4,010,057	3,012,027
4,495,237	11.58	815,261	308,635	_____	_____	3,988,611	4,302,903
5,331,025	13.31	789,125	332,850	_____	_____	4,874,750	4,302,910
4,478,292	11.34	736,696	449,827	580,000	_____	3,611,423	4,302,917
3,326,509	9.55	915,220	308,537	620,000	_____	2,099,826	2,581,752
2,214,010	6.92	885,351	363,849	300,000	(34,043)	1,426,551	1,721,167
3,017,001	8.05	640,000	358,715	720,000	25,550	1,990,166	1,721,168
2,804,898	7.02	740,527	355,624	570,000	(48,737)	1,898,732	1,721,168
3,623,629	\$ 9.79	\$24,571,620	\$3,376,300	\$3,358,523	\$(57,230)	\$39,127,016	\$36,262,843

**MINE OPERATING OFFICIALS**  
(As Of January 1st, 1970)

D. J. EMERY	-	-	-	-	-	-	-	-	Mine Manager
A. K. CAMPBELL	-	-	-	-	-	-	-	-	General Superintendent
R. S. BROWN	-	-	-	-	-	-	-	-	Mine Superintendent
R. J. McLEOD	-	-	-	-	-	-	-	-	Mill Superintendent
R. W. SPENCE	-	-	-	-	-	-	-	-	Exploration Superintendent
M. FRIESEN	-	-	-	-	-	-	-	-	Chief Engineer
B. F. WATSON	-	-	-	-	-	-	-	-	Mine Geologist
G. P. LEGAGNEUR	-	-	-	-	-	-	-	-	Projects Geologist
C. M. WILKINSON	-	-	-	-	-	-	-	-	Electrical Superintendent
C. E. SPENCER	-	-	-	-	-	-	-	-	Master Mechanic
H. S. CARTER	-	-	-	-	-	-	-	-	Construction Foreman
L. F. G. BORDEN	-	-	-	-	-	-	-	-	Mine Accountant
J. W. McKAY	-	-	-	-	-	-	-	-	Purchasing Agent
A. T. RIVETT	-	-	-	-	-	-	-	-	Personnel Supervisor



Company built Housing  
in the City of Yellowknife, N.W.T.







GIANT YELLOWKNIFE MINES LIMITED  
LOCATION OF YELLOWKNIFE MINE

SCALE 0 100 200 300 400 MILES







